

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 1 6

2. STATE:

GEORGIA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.250

7. FEDERAL BUDGET IMPACT:

a. FFY 2001 \$ 6,046,943
b. FFY 2002 \$ 24,187,770

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT 4.19-D, pp 61, 62, 63, 51

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

ATTACHMENT 4.19-D, pp 61, 62, 63, 51

10. SUBJECT OF AMENDMENT:

NURSING FACILITY SERVICES (01-016)

GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mark Trail

14. TITLE:

Acting Director, Division of Medical Assistance

15. DATE SUBMITTED:

16. RETURN TO:

Georgia Community Health
Division of Medical Assistance
2 Peachtree Street, N.W.
Atlanta, Georgia 30303-3159

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

May 11, 2001

18. DATE APPROVED:

July 25, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Eugene A. Grasser

Associate Regional Administrator
Division of Medicaid and State Operations

23. REMARKS:

The minimum required number of nursing hours per patient day for all Level I and Level II nursing facilities is 2.50 actual working hours effective July 1, 1986. The nursing facility's actual nursing working hours originally were calculated from the 1985 cost report adjusting the total paid hours by a standard percentage of 6.0 for vacation, holiday and sick time. The projected cost of increasing actual working hours to 2.50 hours was subject to a maximum increase for any facility of \$2.77 per patient day. Prior to April 1988, a facility could exceed the Routine Services Standard Per Diem as a result of increased staffing; however, the incentive was calculated at the 75th percentile. Effective April 1, 1988, the projected costs are included in the 1987 cost report. Therefore, the Standard Per Diem for Routine Services can no longer be exceeded. The 2.50 actual working hours requirement applies to all Level I and Level II facilities.

1003.2 Increase in Routine Services Percentile

Rev.
7/1/01

The Routine Services percentile for all nursing facilities is the 90th percentile for the purpose of recognizing cost and the 90th percentile for calculating the incentive. Incentives calculated on April 1, 1987, July 1, 1988, August 1, 1988, April 1, 1989 and 1990 and July 1, 1991, 1992, 1993, 1994, 1995, August 16, 1996, October 1, 1998, July 1, 1999, July 1, 2000, and July 1, 2001, will not be adjusted except as a result of audits of a cost report or other allowable cost changes.

1003.3 Addition of Intensity Allowance

Rev.
7/1/99

A four percent intensity allowance will be added to the current growth allowance rate for all cost centers except Property and Related for all Level I nursing facilities.

Rev.
7/1/99

A three (3) percent intensity allowance will be added to the current growth allowance rate for all cost centers except Property and Related for Level II nursing facilities, which maintain an average Medicaid skilled care occupancy level of 15 percent or greater during a six-

Nursing Facility Services

X-42

FOOTNOTES

Rev.
7/1/01

¹For dates of service beginning July 1, 2001, the 2000 Cost Report is the basis for reimbursement.

²If a facility remains in the same cost center grouping as in the previous year, and if the Maximum Percentile for that cost center grouping decreases while at least two-thirds of the facilities in the grouping experience increases in their Net Per Diem, the Allowed Per Diem for that particular cost center is equal to the Net Per Diem or the prior year's Standard Per Diem, whichever amount is less to the facility. Beginning November 1, 1981, this policy will not be applicable because of cost containment.

³In the case of the Property and Related Cost Center, a legitimate return on equity will be allowed. However, for any facility having a property transaction after May 6, 1981 but before June 15, 1983, (excluding leases for which the Division had approved rates on or before that date) the total Property and Related Net Per Diem, including return on equity, shall not exceed the Standard Per Diem. The property rate for any facility having a property transaction after June 14, 1983 will be subject to the provisions of Sections 1002.5(g) through (n). Effective November 1, 1991 and after, the Return on Equity is 0% for facilities not being reimbursed under the Dodge Index Formula (Sections 1002.5g-n). Effective July 1, 1994 and after, the Return on Equity is 0% for all facilities.

⁴Any projected costs approved by the Division in accordance with Section 1002.4 will be added to reported costs for computation of the Net Per Diem.

⁵See Section 1002.5 of the Nursing Home Manual for additional description of such limitations.

⁶For all State Institution Distinct Part Nursing Facilities, Level I Net Per Diem = (Historical Level I Routine and Special Services (Schedule B, Lines 5 plus 7, Column 4) divided by (Total Level I Patient Days, Schedule A, Line 13, Column 6).

Nursing Facility Services

X-52

ICF-MR Net Per Diem = (Historical ICF-MR Routine and Special Services (Schedule B, Lines 6 plus 7, Column 4) divided by (Total ICF-MR Patient Days, Schedule A, Line 13, Column 7).

When costs for State Distinct Part Nursing Facilities can be identified, be they routine services or special services, the costs will be allocated as identified. Where costs have not been identified, the patient days method will be used to allocate costs.

Rev.
7/1/01

⁷For a facility with a Property and Related Net Per Diem in excess of the Property and Related Standard Per Diem, the Net Per Diem will be reduced to the Standard Per Diem. This will remain in effect until the requirements of Section 1002.5 are complied with. After these requirements have been met, a retroactive adjustment in the Net Per Diem will be made where appropriate effective July 1, 2001. For any facility having a property transaction after May 6, 1981, (excluding leases for which the Division had approved rates on or before that date) the total Property and Related Net Per Diem, shall not exceed the Standard Per Diem.

Rev.
7/1/01

⁸The grouping will be done using Net Per Diem for each cost center that has been reported by the facility, and calculated by the Division on June 30, 2001. Standards effective July 1, 2001, will not be recalculated based upon changes in rates due to subsequent determination of additional allowable cost, disallowance of previously allowable cost or addition of projected cost as defined in Section 1002.4, or any change in the Net Per Diem in any cost center.

⁹There are several instances where a facility could fall in more than one group. In these cases, the following rules apply:

- a) Hospital-based Level II facilities are classified as hospital-based.
- b) Hospital-based facilities with only intermediate level of care patients are classified as Level III facilities.
- c) Intermediate care facilities for the mentally retarded which also are distinct part are classified as intermediate care facilities for the

Nursing Facility Services

X-53

mentally retarded. See Footnotes 6 and 10 for separate treatment in Routine and Special Services cost centers.

Rev. For the purpose of determining the Standard Per Diem and the Allowed
7/1/01 Per Diem for each cost center, a facility is grouped according to the type facility it is as of June 30, 2001.

Rev. If a facility changes classification to hospital-based or from Level III to
10/1/98 Level II or grouping on January 1 through June 30 of any calendar year, it will be grouped into its new category for reimbursement purposes for dates of services July 1 of that year and thereafter. If a facility changes classification as described above on July 1 through December 31 of any calendar year, regrouping will occur from January 1 of the following year. For further information on classification of nursing facilities, see Section 1006.

¹⁰For State Institution Distinct Part Nursing Facilities, a Level I Standard Per Diem will be calculated separately from an ICF/MR Standard Per Diem, using the Level I Net Per Diems and ICF/MR Net Per Diems, respectively. This applies only to the Routine and Special Services cost center. The standard per diems for other cost centers for Distinct Part State Facilities will be calculated using the ICF/MR Standard per diems.

¹¹The age of the facilities as of October 1976. For facilities with buildings constructed in different years, the composite age of the facility is computed using the number of square feet contained in each unit to produce a weighted average age.

¹²All property transactions defined in Section 1002.1(h) will be evaluated according to the provisions of HCFA-15-1, The Provider Reimbursement Manual. All transactions which are not found to be arms-length will result in reimbursement at the lesser of:

- a) Actual cost to the Related Party
- b) The property rate component calculated under Section 1002.5

Nursing Facility Services

X-54